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# Ontario Universities 1984: Issues and Alternatives



**The Commission on the Future Development  
of the Universities of Ontario**

JUNE 1984



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Additional copies of the *Discussion Paper*, *Background Data* and *Commission Information Kit* are available through the Commission on the Future Development of the Universities of Ontario, 14th Floor, 101 Bloor Street West, Toronto, Ontario, M5S 1P7; (416) 965-8551.



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## PREFACE

This discussion paper sets forth the range of issues and alternatives which the Commission on the Future Development of the Universities of Ontario has under consideration. We are also publishing a companion volume entitled *Background Data*, containing statistical information about Ontario universities on both province-wide and institutional bases. These are being published and widely distributed in order to seek reactions, suggestions and briefs from all components within the universities, from other organizations and from the public at large, including business, industry and labour, before we proceed to formulate our recommendations to the Government of Ontario in mid-November 1984.

We, therefore, invite briefs commenting on these issues and alternatives and any related matters from individuals, groups or institutions who wish to do so. Since it is our plan to hold public hearings during September in various university centres across the province, we would request that all submissions be in the hands of the Commission by August 20, 1984. Given the limited time at its disposal, the Commission reserves the right to select from among the respondents those from whom further views will be sought at its hearings. In drafting submissions respondents should keep in mind that the Commission will treat all submissions and briefs as public documents.

This discussion paper contains 50 specific questions. Respondents should feel free to address as many or as few of these questions in their submission as they wish. Furthermore, if there are additional issues or proposals they wish to advance we shall be pleased to receive them.

The Commission does, however, request that the following question be answered by each Ontario university, the Ryerson Polytechnical Institute, the Ontario Institute for Studies in Education and the Ontario College of Art:

### QUESTION:

*What does your university (or institution) consider to be its distinctive character and role among the range of Ontario universities? Given the funding premise outlined in the introduction to the terms of reference of the Commission, and given the current profile of activities within your institution, what do you envisage as the appropriate areas of activity upon which to focus development and expansion within your institution? Which areas might be contracted or eliminated over the next decade or so?*



### 1.1 The Commission's Tasks

Establishment of the Commission on the Future Development of the Universities of Ontario was announced on December 15, 1983, by the Minister of Colleges and Universities to the Ontario Legislature.

The Minister explained in some detail the background to the current situation and the need for the Commission, referring as she did so to the analyses and recommendations of such previous bodies as the Spinks Commission (1966), the Commission on Post-Secondary Education in Ontario (COPSEO), which reported in 1972, and the 1981 Committee on the Future Role of Universities in Ontario (CFRUO).<sup>1</sup> The Commission is expected to utilize much of the extensive work of these previous inquiries. The Minister considers, however, that in view of present circumstances "an in-depth examination of alternative approaches to university education at the operational level" is now necessary.

In considering "the climate of the 1980's and the 1990's", the Minister stressed that we have moved into "a new era, with new challenges and new needs." At the same time, there will be the continuing necessity for prudence in the expenditure of government funds. The Minister went on to enumerate a range of issues to which the Commission is requested to give its attention. While we must preserve strength in the liberal arts, there is an imperative need for our universities to respond to the impact of a new economic order and its associated technological requirements. Adaptability will be essential. In this connection, the Minister added, we must consider "the full range of incentives, rewards and opportunities to encourage faculty mobility where it is lacking, development where it is needed, and retirement where necessary and advisable."

In all that is done, "excellence must remain the highest priority for our universities." The Commission is requested as well to examine various issues relating to accessibility, matters associated with methods of funding, and structures for system planning and co-ordination.

The Government has explicitly excluded closure of any university, but recognizes that fundamental changes may be necessary to some or all of the institutions as we search for universities "with more clearly defined, different and distinctive roles." The Commission is asked to consider the appropriate role of "highly specialized, designated-purpose institutes," as well as "the designation of specific universities as centres of specialization" with a view to the preservation and further development of teaching and research of an international calibre.

In concluding her address, the Minister noted that in pursuing its tasks, the Commission should assume "that the total resources to be made available to the new university structure will not differ substantially from that which would normally be allocated." The Minister added, however, that there is "a commitment from the Premier that there will be due consideration of additional funds to facilitate faculty renewal and adjustments arising from the Commission's recommendations."

The Commission was formally established by Order in Council on January 20, 1984. Subsequently, on April 19, 1984, the proposal for a University of Northeastern Ontario was also specifically referred to the Commission for consideration within the context of its overall mandate.

The members of the Commission are Mr. E. C. Bovey, who has been designated as Chairman, Dr. J. Fraser Mustard, and Dr. Ronald L. Watts. Dr. W. M. Sibley has been appointed as Executive Director of the Commission and Mr. D. M. Jamieson is serving as Research Director.

The terms of reference of the Commission will be found in the appendix to this volume.

1. The findings of the first of these three bodies were contained in the *Report of the Commission to Study the Development of Graduate Programs in Ontario Universities*. The report was submitted in 1966 to the Committee on University Affairs and to the Committee of Presidents of Provincially Assisted Universities.

The report of the Commission on Post-Secondary Education in Ontario (published in 1972 by the Ministry of Government Services) appeared under the title of *The Learning Society*. Subsequent citations will refer simply to "COPSEO".

The *Report of the Committee on the Future Role of Universities in Ontario* (published in 1981 by the Ministry of Colleges and Universities) will be cited as "CFRUO".

## 1.2 Preliminary Assessment of Ontario Universities

### 1.2.1 Preamble

It will be obvious from the terms of reference that the Commission has on its hands a most important set of tasks to address within a limited time frame. We shall rely in large measure upon the analyses and recommendations of previous inquiries, such as those of the 1972 COPSEO study and the 1981 report of CFRUO. In our assessment of the current situation and our probing for the points at which significant changes may be required, we shall also utilize documentation from the Council of Ontario Universities (COU), and Advisory Memoranda and Annual Reports of the Ontario Council on University Affairs (OCUA), particularly those relating to funding and province-wide planning.

At the same time, we recognize that, over the past few years, the social, economic and political environment in which our universities function has been changing rapidly. We have excellent documentation, for example, as to recent trends in participation rates; but detailed predictions about where such rates will be five to ten years from now entail considerable risk. Given the rapid pace of change, the difficulties which arise in dealing with such issues as "accessibility" and "manpower planning" in any definitive "master planning" mode are only too obvious.

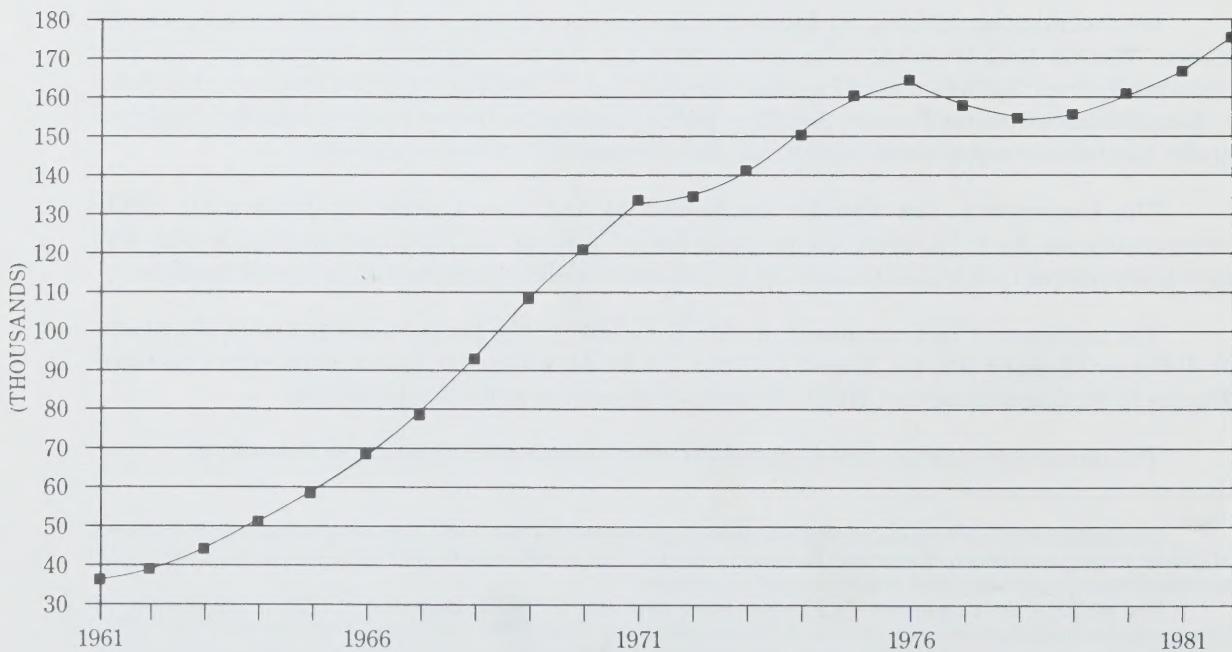
At this stage of its work, the Commission has identified some concerns but has not reached any conclusions. We have commissioned a number of special studies, particularly in areas where circumstances have altered in the past few years, or where there are gaps in the existing analyses. We shall depend heavily for our recommendations upon the responses we shall receive to this discussion paper, from submitted briefs and from the fall hearings across the province.

### 1.2.2 Achievements of the System

At this point in our inquiry, the Commission wishes to record some of its impressions about the state of our universities.

It is clear that the institutions, under conditions which at times have been difficult, have capably discharged their responsibilities to provide broad access to higher education. As indicated in the following graph, total full-time enrolment over the past two decades has grown from approximately 36,000 students in 1961-62 to 176,000 in 1982-83 – a nearly five-fold increase. The Ontario participation rate (see *Background Data*, Part I, Section 3) appears to be the highest in Canada. Whether limits to accessibility have now been reached and if so what courses of action need to be adopted are matters which the Commission will review.

FULL-TIME UNIVERSITY ENROLMENT



SOURCE: Statistics Canada, *Universities: Enrolment and Degrees*, 81-204

Growth in research activity has been even more dramatic. Research funding from all sources amounted to \$9.4 million in 1961-62. In 1982, it totalled approximately \$274 million.<sup>2</sup> When corrected for inflation, this is more than an eight-fold increase. As noted in the CFRUO report, in the field of research Ontario universities have to their credit not only quantity but quality, in the form of impressive discoveries of fundamental importance over a broad array of research fields.<sup>3</sup>

With respect to professional education, the universities collectively have in most cases provided opportunities to qualified applicants to such an extent that questions are arising about the desirability of sustaining present levels of output. Opportunities in graduate education are extensive enough to make it possible for almost all qualified students to obtain an advanced education in a field of their choice within Ontario. Finally, as the CFRUO report also documents, our universities provide an extensive array of services to their communities, ranging from the purely cultural to delivery of highly specialized scientific and technological advice.

We are asked to recommend measures to facilitate differentiation of function among the universities, with a view to enhancing their overall effectiveness. It should be realized, however, that to a substantial degree the universities are already differentiated, as displayed in the institutional profiles to be found in the *Background Data* to this discussion paper.

### 1.2.3 Stresses Within the Universities

In spite of these achievements, the universities are experiencing difficulties. Funding arrangements and planning mechanisms which carried our universities through the 1960's and the 1970's may not be sufficiently relevant and appropriate for "the new era." Factors that are influencing the universities at present include the following:

- 1) the slower growth in the per capita wealth of the country, which makes public funding of new projects or expansion of existing programs difficult;
- 2) the increasing demand for specialized research and development based within the university system and for highly qualified manpower in special areas;
- 3) the need to adjust a faculty base developed during a period of expansion, to a more stable base in the number of students, together with measures which will take into account the age distribution of faculties in relation to present and future needs;
- 4) the need for funding arrangements which will more adequately reflect the different functions of the universities;
- 5) the attempt to meet faculty expectations and appropriately reward faculty in a period of change and straitened resources; and
- 6) the cardinal role of universities in the development of new knowledge in scientific and technological fields and in relating this development to its impact upon society and human values. Paradoxically, our universities are being required to respond to changes which in large part they themselves originally generated.

As a consequence, the universities are clearly exhibiting symptoms of stress. Funding formulae which served well in an era of expansion function much less adequately in a period such as the present. There are complaints of inequities in the distribution of funds, and of undesirable competition for numbers of students. Instead of providing incentives for change and development, under current circumstances the funding mechanisms appear to create disincentives. There is mounting public concern over the apparent inability of the universities to develop, to the degree deemed desirable, a coherent and effective plan to rationalize the deployment of available resources. The deteriorating state of physical facilities and of teaching and research equipment is also of concern. This problem is compounded by the fact that equipment not only deteriorates but becomes rapidly obsolescent as

2. 1962 figure from D.B.S. *Canadian Universities Income and Expenditures 1964-5*.

1982 figure from *Financial Report of Ontario Universities 1982-83*. Committee of Finance Officers – Universities of Ontario.

3. CFRUO, p. 19.

technology advances and the “sophistication factor” in research increases. Furthermore, there is the inability of our universities to fund adequate numbers of faculty positions in fast emerging new fields—an inability, in the recent words of the President of the Natural Sciences and Engineering Research Council (NSERC), which is “clearly the weakest link in the whole chain of university research and development endeavour.”<sup>4</sup>

Concerns such as those mentioned regarding the well-being of universities and the consequent need for change or “restructuring” are by no means confined to the province of Ontario. For example, very drastic system restructuring, occasioned in some countries by severe reductions in funding levels, have been taking place in the Netherlands, the United Kingdom, Sweden and Australia. In several other Canadian provinces, funding pressures are causing individual institutions to effect an outright elimination or a substantial scaling down of programs.

If the above noted stresses are symptoms of some disorder, what is the diagnosis? We would hazard the suggestion that a quite fundamental problem is not so much an unwillingness on the part of our institutions to adapt to rapidly changing circumstances, or to meet new demands and challenges, as it is constraints on their capacity to do so. While keeping an eye on the need for quality, on the many problems associated with accessibility, and on the complex matters of funding and planning, we shall also need to keep watch on the pervasive issue of providing the universities with adequate powers of adaptability to deal with the needs and opportunities of a new era.

### **1.3 Assumptions and Approaches to the Inquiry**

#### **1.3.1 Context**

At the outset, the Commission wishes to emphasize that we have *not* been asked to conduct a cost reduction exercise. Rather, while charged to protect the integrity of our institutions, our mandate is to suggest ways of improving the overall quality and effectiveness of the system as it prepares to face the demands and opportunities of a new social and economic order. We have been reminded of the limitations on the public purse, but we have interpreted the statement about funding increases in the introduction to our terms of reference to mean that the current level of aggregate real funding would at least be generally maintained. This represents an intermediate level of projected aggregate public funding for Ontario universities which lies between the two major alternatives considered by CFRUO: either a substantial increase in public funding or a continued further progressive reduction.

#### **1.3.2 Objectives**

The Commission sees no need to open debate on the fundamental objectives of the system. Following earlier affirmations by OCUA and CFRUO, and indeed acceptance by Government, we take them to be five in number, namely:

- to develop a more educated populace;
- to educate and train people for the professions;
- to provide study at the highest intellectual level;
- to conduct basic and applied research, including development and evaluation;
- to provide service to the community.<sup>5</sup>

#### **1.3.3 Concerns**

Our examination will focus on four major concerns, shaped by our terms of reference.

Given the Minister’s declaration that “both government and the universities are agreed that above all, excellence must remain the highest priority for our universities,” we shall put first the maintenance and enhancement of *quality*.

Secondly, we shall address a number of questions related to *accessibility*, examining in particular access to undergraduate general education, to professional programs, and to graduate studies.

Our terms of reference enjoin us to develop “a plan of action to better enable universities to adjust to changing social and economic conditions.” Here we have a third concern, namely, that relating to *adaptability*, i.e., the capacity of the universities to deal adequately with newly emerging needs and challenges in the economic realm as well as with persistent issues of a socio-cultural type.

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4. Presentation by G. M. MacNabb, to the Corporate-Higher Education Forum, Toronto, Ontario, May 3, 1984, p. 13.

5. CFRUO, pp. 1-2.

Fourthly, and in the light of discussion of these three concerns, we must examine the complex matter of *balance*, of what is the best overall pattern of investment of available resources, and hence of the directions in which our universities should move and the emphases by which they should be shaped. We shall link the issue of balance with the central question of the ways in which the existing and future *differentiation* of the universities might best be supported.

Following our treatment of balance and differentiation, we shall explore in our concluding sections the implications arising for (1) possible revisions of present funding arrangements and (2) possible changes in structures for overall planning and co-ordination.

#### 1.3.4 *Alternative Approaches*

In organizing our inquiry, we are aware that most of the issues are intertwined. Few can really be dealt with in isolation from the remainder. Necessarily, our approach must be largely linear or *seriatim*. If respondents wish to present their views according to some alternative scheme, they should feel free to do so.

Moreover, we recognize that some will not wish to address all of the issues and alternatives but only certain component parts of the questions. We ask that responses fall within the general context of the inquiry and that they relate to our assigned tasks and major concerns.

## **2.1 Quality Assessment**

As noted, the need to maintain and enhance quality is a matter of “the highest priority for both universities and Government.” A strong thrust towards excellence is regarded as “vital to the future of the universities and the people of Ontario.”

This call to excellence is coming at a time when universities, industry and the public are expressing concern that quality has been impaired. We therefore ask a set of questions designed to help evaluate the current quality of the universities with respect to their five major functional responsibilities referred to in section 1.3.2, namely:

- undergraduate education
- professional programs
- graduate education
- research and development
- service

### *QUESTION 1.*

*In respect of quality, in which of the above areas of endeavour are the universities seriously deficient? If in several, where are the difficulties most pressing? By what objective criteria should impairment of quality be judged?*

## **2.2 Quality: Maintenance and Enhancement**

In considering measures to maintain and enhance quality, we raise the following questions:

### *QUESTION 2.*

*To the degree that better deployment of existing resources would enhance quality, what remedies should be sought? What impediments to better utilization of resources exist at the institutional level? At the province-wide level? Do they lie, for example, in present funding arrangements? in overall planning and coordination mechanisms? or in both?*

### *QUESTION 3.*

*To the extent that increased resources would aid quality, and in view of the need for prudent use of the public purse, what other options should be explored? Here the Commission would welcome any suggestions regarding ways (a) to effect better liaison with and (b) to elicit greater support from the private sector.<sup>6</sup>*

### *QUESTION 4.*

*Are there potential uses (not yet adequately exploited) to which new information and communications technology might be put to enhance the quality of instruction and research?<sup>7</sup>*

### *QUESTION 5.*

*Are there ways of building up and making more adequate use of inter-institutional networks of information and communications that would improve the scope and quality of instruction and research without the need for geographical relocation?*

### *QUESTION 6.*

*Our terms of reference ask us to investigate the appropriate role of highly specialized, designated-purpose institutes which would be centres of specialization. Initiatives in this direction are being undertaken by various federal agencies (for example, by NSERC and the Office of the Secretary of State), by the Ontario government<sup>8</sup> and by the private sector<sup>9</sup>. What considerations should the Commission keep in mind in assessing the appropriate role of such institutes? What will be their effect on quality? Do they present some problems or disadvantages of which we should be aware? What should be the relations between such institutes and their host institutions, the universities?*

6. The Commission is examining with interest the recent volume, *Partnership For Growth*, published by the Corporate-Higher Education Forum, May, 1984, which provides much useful information on this subject.

7. As outlined in the Speech from the Throne and in the Budget, 1984. A recent example of provincial initiative is the provision of funding for expansion of the Institute of Computer Research at the University of Waterloo.

8. A partial list of “university-based interface institutes” involving private sector support is provided in Exhibit 3.1 of *Partnership For Growth*. See also Appendix IV of that publication for a list of government-sponsored “interface institutes.”

### 3.1 Enrolment and Capacity

#### 3.1.1 Current Conditions

Overall enrolment in Ontario universities rose at a very steep rate between 1961-62 and 1971-72 and reached a new peak in 1976-77. In the following two years, there was a decline, considered by many to be only the first stage of a substantial downturn arising from demographic factors alone. Subsequently, after moving across a quite shallow valley, enrolment has resumed its upward climb to its present all-time high.

This recent advance has revived concerns about overall capacity. By the fall of 1983, most universities, some for the first time, had established limits on admission to first year in all programs. Consequently, the issue of accessibility (were qualified applicants being denied the promised opportunity to enter university?) has become prominent and hence the Commission will examine the entire issue.

The Commission has found that reliable information on this matter is not available. We have been told that a number of qualified applicants did not register, but *why* they did not do so is still a matter of conjecture. In concert with COU and with the Ministry of Colleges and Universities (MCU), the Commission has therefore launched an extensive study designed to ascertain (among other matters) how many of these students did not receive offers, how many received offers but did not accept them, and if so what were their reasons for not enrolling.

Pending the results of this study, which is designed to ascertain the current dimensions of the problem, the Commission wishes to raise a number of issues.

#### 3.1.2 Future Enrolment Levels

The Commission has examined closely the 1983 COU study, *Participation Rates and Future Enrolment in Ontario Universities*. As the report points out, there are two factors which affect enrolment from any age group: the size of the group and the participation rate for that group. In that report, the Committee on Enrolment Statistics and Projections (CESP) concluded that there would be a decline in the numbers of entering students aged 18-24 (the traditional group from which the universities draw their enrolment) until the late 1990's. A complicating factor arises from the proposed changes to the secondary school curricula. If these changes are implemented, then due to the double cohort phenomenon the numbers of eligible secondary school graduates in the late 1980's will dramatically increase over those which would otherwise have been eligible. As a result, the drop during the 1980's will not be as marked, but there will be a sharp decline at the beginning of the next decade as a result of the decrease in the size of the 18-24 age group. Regardless of changes to secondary school curricula, university enrolment is predicted to fall during most of the 1990's until demographic factors once again increase the pool of school graduates.

The CESP study included data on participation rates which showed that the participation rate for the 18-24 age group in Ontario had increased from 1979 onward and in 1982 was close to the maximum experienced in 1976. (Revised data now available suggest that in 1983 the participation rate marginally exceeded the previous 1976 peak.) Other studies by D. K. Foot<sup>9</sup> suggest that various economic and social factors will lead to even higher participation rates in the late 80's and early 90's. It is possible, then, that the CESP "base case" enrolment projection which used a weighted average of participation rates placing greater emphasis on more recent years, may represent a conservative estimate.

#### QUESTION 7.

*In addition to any comments concerning the COU analysis, we would like to receive opinions on other factors that may affect enrolment. What changes in the social and economic context, for example, may influence it? and to what extent? How may possible adjustments for greater equity among various social and economic groups affect demand? What may be the impact of the revised high school curriculum? How serious will be the effect of the "double cohort", and what measures should be taken to cope with it?*

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9. See, for example, David K. Foot and Barry Pervin, "The Determinants of Post-Secondary Enrolment Rates in Ontario." *The Canadian Journal of Higher Education*, Vol. XIII, No. 3, 1983, pp. 1-22.

### 3.2 Accessibility to General Education

#### 3.2.1 Basic Policy

Basic governmental policy, established over two decades ago, has been to ensure that no student who has the requisite capacity will be deprived of the opportunity to find a place in some program of study in some university in Ontario, but not necessarily in the program or university of first choice.<sup>10</sup>

Until 1968, the standard of academic eligibility required possession of the Secondary School Honours Graduation Diploma with an average of 60% on province-wide examinations over a specified set of traditional “academic” subjects. After 1972, secondary school curricular choice was liberalized and students were not required to follow as tightly prescribed a course of study, although prerequisites for entry into specific programs at various universities have obviously restricted freedom in respect of admissibility.

#### 3.2.2 Academic Aspects

The Commission recognizes that changes are impending which may affect standards of eligibility to enter a program of general education. In the meantime, we invite responses to questions relating to present standards of eligibility.

##### QUESTION 8.

*How different is the present standard of eligibility from that which was in force when the policy of accessibility was initially promulgated? If the standard is not as exacting, how far does the change arise from liberalization of the range of subjects presented for admission? and how far from alteration of marking or reporting standards? What evidence is available to help the Commission determine answers to these questions?*<sup>11</sup>

##### QUESTION 9.

*Under the present system of determining eligibility, are there variations in school standards which produce inequities? Are some students with requisite capacity consequently being denied admission altogether, or denied admission to programs of their choice?*

##### QUESTION 10.

*If there are problems relating to grade inflation and equity, what remedies are available? Should we recommend a return to something like the former province-wide system of examination across an appreciable number of academic subjects? Or would it be sufficient to restrict such examination to (say) tests of achievement in language (English or français) and mathematics, supplemented by teachers' marks and school reports?*

#### 3.2.3 Alternatives in the Admissions Process

##### QUESTION 11.

*With respect to accessibility to general education, should we opt for an approach which would permit student entry to university on a broad or generous basis but rely on in-course screening to graduate only those who are clearly qualified?*

*Or should we make the admission process more selective in the expectation that a high proportion of those admitted will graduate?*

*In actual practice our institutions appear to be differentiated in their degree of selectivity at entrance. (See Part II Section 3 of Background Data).*

*Should the different approaches above be formally recognized and even accentuated?*

##### QUESTION 12.

*Would it be desirable (as another aspect of differentiation) to provide places for a higher proportion of students in the Colleges of Applied Arts and Technology?*

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10. In her address to the Legislature, the Minister refers to the remarks of the Honourable James Allan, then Treasurer of Ontario, who in announcing a new student aid program in 1959 stated that “the government’s objective was to insure that no student who has the capacity will be deprived of the opportunity of attending university and developing his talent to the fullest possible extent.”

11. The Commission is familiar with a study carried out at McMaster, by L. G. Allan et. al., entitled *An Examination of Performance of First Year Students at an Ontario University*, which was also published in the *Canadian Journal of Higher Education*, Vol. XIII, No. 3, pp. 37-54, and which cites some evidence concerning grade inflation.

### 3.2.4 Range of Institutions

*QUESTION 13.*

*What should be the range of institutions to which access ought to be available? How adequate is the current policy of providing access to at least some university anywhere in the province, but not necessarily the university or program of first choice?*

*Alternatively, should there be more explicit recognition of a regional component in the policy?*

*How far should accessibility to institutions be possible on a still more localized basis? Could such accessibility be facilitated instead by technological developments in distance education?*

### 3.2.5 Part-time Students

The Commission recognizes that there is a substantial proportion of university students outside the traditional “college age group”, who are pursuing studies on a part-time basis. Others are engaged in recurrent education.

*QUESTION 14.*

*If accessibility is a problem for these students, what alternative forms of credit study might be of assistance? Do technological developments in distance education offer new avenues which should be more fully exploited?*

*QUESTION 15.*

*What are the likely future demands for courses for part-time on campus students, part-time off campus students, and distance education?*

## 3.3 Accessibility to Professional Programs

We turn now to issues relating to access to professional programs.

### 3.3.1 Manpower Planning

The Commission is well aware of the problems encountered in trying to make accurate projections of future “manpower needs”, particularly at a time of rapid change in the economy and in society.<sup>12</sup> We realize also that in various fields of professional education, graduates are produced who may not practice the profession for which they are ostensibly trained but who have nevertheless profited greatly from the education they have received.

At the same time, we hear many warnings from eminent authorities in industry, for example, of existing or impending shortages of trained professionals—shortages which may affect our capacity to keep up with the rapid pace of technological change.<sup>13</sup>

*QUESTION 16.*

*How far is it wise to develop long term manpower plans for future enrolment in professional disciplines? How do we avoid the dangers inherent in such planning? Should we let market forces create and shape student demand, and then respond to it as best we can? Is the best course of action one directed to ensuring that the universities collectively carry sufficient reserve capacity to adjust quickly to surges in demand? If so, what margin of resources should be built in? Are there impediments in the structure or functioning of the system to creating such reserves?*

*How applicable is the expedient of providing special one or two year upgrading courses to meet short-term surges in demand?*

### 3.3.2 Areas of Possible Overproduction

*QUESTION 17.*

*If there are problems of overproduction of graduates in such fields as Education, Law, Dentistry and Medicine how serious are they? How should we go about the problem of defining social and economic needs in these areas?*

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12. In the health manpower field, both government and non-government agencies have carried out studies of the problems and difficulties in developing manpower policies. See *Medical Manpower for Ontario*, Ontario Council of Health, 1983. See also *Report of the Task Force on Medical Manpower*, Council of Ontario Universities, 1982.

13. In his speech to the 1984 Annual Meeting of Northern Telecom Limited, Mr. Walter F. Light, Chairman and Chief Executive Officer of the company, identified our chief vulnerability as “the lack of a constant flow of trained people in the many disciplines of the Information Age. This shortage of trained people could do more, in the long-term, to undermine the future of the North American economy, than the activities of our international competitors, the size of the deficit in both countries, and the level of interest rates, combined.”

**QUESTION 18.**

*If reductions were proposed, of what order of magnitude should they be? Should they be imposed on a relatively proportional basis across existing faculties? Or would it be preferable to effect reduction by closure of one or more faculties?*

**3.3.3 Areas of Possible Underproduction**

**QUESTION 19.**

*Are there certain fields where the output of graduates is inadequate to meet existing demands? or highly probable future demands? What evidence is available to support such conclusions?*

**3.3.4 Regulation of Professional Programs**

Several alternatives seem available as regards the mode of regulation of output in certain professional programs.

**QUESTION 20.**

*What would be the advantages and disadvantages of specific legislative intervention to modify university charters, in such a way as to eliminate the offering of certain disciplines in particular institutions, with institutional autonomy maintained within the scope of the revised charters?*

*Would it be preferable to leave adjustment and regulation in the hands of a central body, with adequate powers to monitor and control student intake through funding or other means?*

*Alternatively, is it better to let market forces rule, but facilitate adjustments through funding incentives? Is it feasible to move even farther in the direction of "deregulation"?*

**3.4 Supply and Demand—Graduate Programs**

Graduate program planning and funding has been a focus of concern (and some considerable controversy) at least as far back as the 1966 report of the Spinks Commission. The COPSEO study contains some important and still highly relevant observations on this matter, as does also the CFRUO report. The Commission is aware of OCUA advisory memoranda bearing on this topic, and has noted with interest the issues and recommendations contained in Advisory Memorandum 83-VIII.

At this point, we wish to raise only certain questions having do with a balance between supply and demand.

**QUESTION 21.**

*Is the system adequately accommodating current demand? Do we need to take measures to increase the supply of post-graduates in certain areas of critical importance to a changing society? What are the major impediments to such an increase? Are there new and developing areas of research and development to which more attention should be directed?*

**3.5 Special Accessibility Concerns**

**3.5.1 Studies of Accessibility**

Previous studies such as COPSEO and CFRUO have commented at some length on the matter of equality of access for all social and economic groups within the province.<sup>14</sup> Realizing that circumstances change, the Commission has authorized the preparation of a study paper to review the present situation and to identify issues to be considered and factors that operate in determining the participation rates of various social and economic groups.

**3.5.2 Franco-Ontarian Accessibility—and Related Issues**

This is one of the specific issues of "accessibility" which the Commission must address.

**QUESTION 22.**

*What are the possibilities for more effective employment of modern technology to establish networks among the University of Ottawa, Laurentian University and Glendon College to improve Franco-Ontarian access? In this context, how might distance education be more effectively developed?*

*Should policy move towards the development of a full range of general and professional programs in French in one major institution, such as the University of Ottawa?*

*What are the possibilities—and problems—in accentuating the development of courses taught in French in universities which at present are English language institutions in order that those students who have experienced immersion courses in French may maintain their facility in that language?*

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14. COPSEO, pp. 39-90 and CFRUO, pp. 11-12.

### 3.5.3 Other Groups

We might reiterate at this point the comments contained in the CFRUO report, namely, that:

“increasing resources to the universities will not guarantee that all social and economic groups will be adequately represented among the students enrolled in our universities. Interest in university education is affected by many attitudinal and motivational factors that cannot directly be influenced by the universities. These include family attitudes, peer group pressure, adequacy of early schooling, and other broad social issues.”<sup>15</sup>

With respect to the participation of women in our universities, the Commission notes that there has been a steady and gratifying improvement, as indicated in Part I, Section 3 of the *Background Data*. Concerns remain over such groups as persons of native origin, residents of remote northern areas, and the handicapped.

#### QUESTION 23.

*With regard to these latter groups, what remedies should be sought which lie within the ambit of the university system? For instance, with respect to improving access for residents of remote regions, could the techniques of distance education be more effectively utilized? In making better provision for the handicapped, should we develop in our eventual proposals for greater differentiation of the system the concept of designating one or more universities as centres offering special facilities to enable the handicapped to profit more fully from the advantages of a university education?*

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15. CFRUO, pp. 11-12.

#### 4.1 The Importance of Adaptability

Among the major concerns which have impressed themselves on the Commission during our preliminary assessment of the universities in Ontario is the call from government, from industry and from university circles as well, for the taking of measures which in addition to enhancing quality will also improve the capacity of the system to adapt to the requirements and challenges of a new era.

The urgency of this issue has been underlined in a number of speeches by industrial leaders. For example, as Walter F. Light, Chairman of Northern Telecom Limited, has noted, unless our universities "accept the challenge to create new generations of workers and managers who understand and use the new technologies, our efforts to renew our economy will fail."<sup>16</sup>

In another context, he has remarked that our "crisis in human resources" is not simply a matter of the quality and quantity of our engineers. "It is also the quantity and quality of our writers, our philosophers, our social scientists, our political scientists, our psychologists, our historians, our mathematicians, our accountants, and many others. All disciplines are important to our future, even if some are more important than others, at a given moment in time."<sup>17</sup>

While the creation of "new generations of workers and managers" has marked impact on all educational programs of the university – general, professional and graduate – there are other dimensions to the challenge. The Provincial Treasurer and Minister of Economics, for example, in his March 1984 publication, *Economic Transformation: Technological Innovation and Diffusion in Ontario*, has drawn attention to the essential role of universities in facilitating innovation and diffusion of research results and the crucial role they play in maintaining basic expertise in fields that could become important in the future. Special "innovation centres" associated with universities may constitute an important model for meeting the challenge of assisting innovation.<sup>18</sup>

Institutional adaptability is critical not only in respect of meeting the needs of the newly emerging economic order; there are other concerns as well, which if not new are at any rate increasing in degree of urgency and importance. Adaptation of new technologies in the field of distance education for those persons living in remote areas is another example, as is innovation over the entire range of issues associated with improved accessibility to educational opportunity for Franco-Ontarians. The problem of improving access for persons of native origin is yet another important consideration.

Universities are aware of their responsibilities and frequently are eager to introduce new programs or to redirect existing programs. In many instances, however, they are inhibited or frustrated in making such changes by various factors, including the present modes of public funding and coordination of universities.

#### 4.2 Assessment of Adaptive Capacity

##### *QUESTION 24.*

*The Commission welcomes any comments regarding the issue of the existing capacity of our universities to adapt to new challenges and opportunities in the areas mentioned above, or in other fields. In what respects is the system most deficient? and for what reasons?*

#### 4.3 Possible Remedies

To the extent that impediments to adaptability exist either in present funding arrangements, or in overall planning and co-ordinating processes, remedies must be sought in longer range structural modifications. Such issues and alternatives will be raised in subsequent sections of this paper. In what follows in this section we concentrate on the issue of faculty and staff complements. While the following discussion deals with faculty (since data on them are more readily available) any proposal that might be developed would apply equally to staff.

The figures in Part I, Section 6 of the *Background Data* display the age profile of the faculty in the system and illustrate the widely recognized fact that the current age structure of faculty leads to very few retirements in the near future and thus to very few openings for new faculty, especially when

16. Address to the Queen's University Council, 1983, p. 7.

17. Speech to the 1984 Annual Meeting of Northern Telecom Limited, p. 5.

18. *Economic Transformation: Technological Innovation and Diffusion in Ontario*, Ministry of Treasury and Economics, May, 1984, p. 38.

overall enrolment is likely to be static or shrinking. Given a situation of little growth in numbers and few positions coming available as a result of retirement or other forms of attrition, it is clear why universities have difficulty in responding to new challenges and opportunities.

Even without the need to respond to change, universities should be planning the introduction of younger faculty into the system in anticipation of the greater than normal retirement rate that will take place in the decade of the 90's as the "professor boom" cohort of the late 60's and early 70's reaches retirement age.

Given the need to introduce young faculty in anticipation of above normal retirement rates in the 1990's, the need to recruit new faculty in areas of expansion, and the need for increased flexibility in the management of institutions, one possible alternative is the creation of a special one-time "Adjustment Fund."

Such an Adjustment Fund would assist in phased retirements, reduced responsibility appointments, and faculty transfers to deal with one or more of the following changes:

- graduate program closure or major adjustments
- professional faculty closure or major adjustments
- adjustments of particularly low student-staff ratios
- differentiation of some institutions in the direction of becoming primarily universities for regional accessibility, with consequent changes in functions and in teaching loads.

The resulting savings would be used to set up a fund for:

- new areas of program development
- recruitment of additional faculty in areas of priority
- appointment of appreciable numbers of younger faculty, with a view to "bridging" to the 1990's, at which time greater numbers of faculty may be required to replace the ranks of those who will then be retiring.

The Commission will be studying the appropriate roles and size of such an Adjustment Fund. Certain questions arise regarding the introduction and operation of such a fund.

#### **QUESTION 25.**

*Given that an institution was successful in applying for support from the Adjustment Fund should that institution be entitled to retain all or part of the savings realized by the fund or should all savings be held centrally for redistribution among the universities?*

#### **QUESTION 26.**

*Would there be other applications of such funding, in addition to those suggested above? What advantages would such a fund produce in the direction of enhancing adaptability? What disadvantages would there be? What guidelines might be necessary for the best utilization of such funds?*

#### **QUESTION 27.**

*To what extent may the implementation in April 1985 of the provisions of the Charter of Rights accentuate the problem of the faculty age distribution and lessen the utility of the above proposal? Should legislative action be taken to defer the implementation?*

### **4.4 Allocation of an Adjustment Fund**

In respect of managing an Adjustment Fund, there appear to be three major alternatives, namely:

- institutional choice, within some broad guidelines;
- more specific allocations by some intermediary monitoring or executive agency, after review of institutional applications, and possibly with the assistance of special academic advisory panels;
- allocation directly by the Ministry of Colleges and Universities.

#### **QUESTION 28.**

*Which of the above three alternative modes of allocation seems to be the most desirable? Are there still other alternatives to consider?*

### 5.1 Questions of Balance

One of the major concerns of the Commission must be the question of striking an optimal balance of the manifold functions or tasks of the universities with the available resources.

An appropriate balance is required for resource allocation among the five basic objectives. For example, should more resources go into graduate training and research, and less to general education? From another perspective, how should we strike a balance between the support of all of these objectives, which entails some *dispersion* of effort to meet at least basic requirements, with the thrust towards quality, which demands some degree of *selectivity* and concentration of effort?

From yet another point of view, there is the matter of balance as among institutions, or between different types of institutions. For instance, should relatively more resources be directed to support of our research-intensive universities, or to those institutions whose emphasis is more in the direction of providing general education?

Again, within a given institution, balance must be sought between the needs of general education and those of specialization.

Still another aspect of the issue of balance lies in the reconciliation of the demand for accountability in the use of public funds, and the importance of autonomy at the institutional level, with its associated values of vitality and flexibility.

The Commission invites comments on these matters. By analysis of such responses on the issue of balance we shall be better able to ascertain the *pattern* for greater differentiation and appropriate methods of *implementation* of that pattern.

#### QUESTION 29.

*Are there other important aspects of “balance” in addition to those outlined above? Are there additional criteria or emphases which the Commission should keep in mind?*

### 5.2 Differentiation: Centres of Specialization

#### 5.2.1 Existing Patterns of Differentiation

As already noted (in Section 1.0) our interest in balance is closely linked with the question of differentiation. Differentiation may involve the creation of special purpose *institutes*, to which we have referred in the preceding section on quality. The Commission is also requested to consider more specialized and hence more highly differentiated roles for *institutions*, with a view to increasing the ability of the system to make strong thrusts in “areas of intellectual and social importance.”

Before proceeding to discussion of this topic, the Commission wishes to observe in the first place that differentiation need not always involve specialization of functions. A given institution may be “different” not so much in respect of *what* it does, as in respect of the *manner* in which it discharges its mission.

Secondly, concentration upon specialized subject areas within an institution might well relate primarily or even wholly to the range of professional programs, graduate programs and research, without eliminating a coherent core of arts and science undergraduate programs within each university.

Thirdly, we note that as the individual universities in Ontario have evolved over the past two decades a considerable degree of differentiation has already developed as the result of particular institutional emphases. Part II of the *Background Data* gives some indication of how differentiated they have already become. For instance, there are wide variations in terms of the range of undergraduate, professional and graduate programs offered and the concentration of enrolment in these programs. There are as well significant variations among institutions in the average entrance marks to their programs and in the proportion of Ontario scholars among their entrants.

While externally funded research by no means covers the full range of scholarship and research within each university, it is clear that there are significant variations among Ontario universities in respect of the areas in which externally supported research is concentrated and in general research intensiveness, as indicated by externally funded research as a ratio of operating budget. Some are more heavily involved in industrial liaison arrangements.<sup>19</sup> As the CFRUO Report indicated, many

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19. See the listings in *Partnership for Growth*.

universities, particularly those in small centres, also provide distinctive and important services to meet the special needs of their local or regional communities. A fundamental issue the Commission will have to consider is not simply whether there should be a differentiation of institutional roles among Ontario universities, but what benefits and problems would flow from a *greater* differentiation, the forms of further differentiation which might be desirable, and the appropriate funding arrangements to support this development.

### 5.2.2 Methods of Identification

#### QUESTION 30.

*If the development of centres of concentration is to be accentuated, in order to enhance quality and adaptability, and to make possible strong thrusts in “areas of intellectual and social importance,” how should we define “strength”? Could ranking schemes be devised, or peer group assessments of some type be utilized? How far should evaluation be on the basis of existing strengths, and how far on that of prospective faculty strengths? Would institutional self-evaluation be feasible? or would judgments have to be made by some external agency? How should we take proper account of newly evolving patterns of roles and inter-relationships among universities, industry and governments? To what extent should the focus of particular universities be related to the distinctive requirements of regional development, especially for example in Northern Ontario?*

## 5.3 Differentiation: Forms of Categorization of Institutions

Greater differentiation of institutions involves several alternatives as to the *forms* by which categorization could be effected.

### 5.3.1 By Institutional Character

Such classification might take the form of considering the general character of our institutions. Some suggestions along this line were developed in the CFRUO report—admittedly in the context of a restructuring necessitated by marked financial exigency. Nonetheless, the conceptual scheme therein outlined may be of some relevance at the present juncture, namely, the idea of “one comprehensive university capable of offering a very broad range of high-quality programs at all degree levels,” of a group of “full service universities offering a more restricted range of high-quality programs at all degree levels,” of four or five “special purpose institutions,” and finally of a set of institutions offering “high-quality undergraduate instruction in arts and science and perhaps the early years of programs in high demand, such as engineering and business.”<sup>20</sup>

### 5.3.2 By Sectoral Areas

At the *graduate* level, there has been an effort by OCUA to discriminate among our universities by sectoral areas of involvement. In its recent Advisory Memorandum 83-VIII, OCUA notes that this approach has been a failure. Are there variations of it which might be attempted?

### 5.3.3 By Program

A third approach would be via appraisal (and hence approval of funding) of *individual* programs. In principle this could be applied to programs at one or more or all levels of university education. Such an approach appears to be that selected for graduate programs by OCUA in its Advisory Memorandum 83-VIII. Institutional differentiation would be a *resultant*, determined simply by the aggregate of program approvals.

### 5.3.4 By a Composite Method

Conceivably, there might be developed some appropriate method involving a combination of two or more of the above. (The University Grants Committee in the United Kingdom appears to be moving in such a direction.)

### 5.3.5 By Current Pattern

Finally, there is the current pattern, in which no formal categorization has been established, although in practice (as already noted) considerable differentiation has evolved among the universities of Ontario.

#### QUESTION 31.

*Which of the above ways of achieving differentiation is most likely to be effective?*

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20. CFRUO, pp. 43-44.

## **5.4 Methods of Role Definition**

### *5.4.1 Institutional Self-definition*

Here one might consider two options: a method under which institutions might identify their own roles, but having done so are left to their own devices to implement their chosen roles by adjusting to market conditions; and a second, under which institutions are required to meet certain criteria in order to qualify for public funding for the roles which they choose.

### *5.4.2 Collective Self-definition*

Under this option, the task of role definition would be left with the Council of Ontario Universities. The Commission realizes that the Council has hitherto found itself unable to discharge such a function. Would the situation perhaps be materially altered, however, if it were made clear that in default of action by COU, role differentiation would be imposed by some external authority?

### *5.4.3 External Definition*

An external body could define institutional roles. If so, what method might it adopt? Would peer group advisory judgments be suitable and necessary? What type and composition of agency would have sufficient independence and academic legitimacy?

#### *QUESTION 32.*

*The Commission invites comments on the above alternatives. Are other possibilities available? and which is most practical and desirable?*

## **5.5 Modes of Implementation**

Whatever pattern of differentiation may eventually be recommended, there remains the matter of implementation.

### *5.5.1 Legislative Action*

It is conceivable that legislative action might be appropriate or necessary. This could take the form of a one-time intervention to alter some or all of the university charters, so as to define the vertical and horizontal scope of each university, with such action to be followed by resumption of institutional autonomy.

### *5.5.2 Financial Incentives*

An alternative mode would be to revise present funding arrangements, so as to provide financial incentives and disincentives which would influence institutions to shape themselves in desired directions.

### *5.5.3 Institutional Autonomy*

This third mode would be a continuation of the current arrangement, which has led to a considerable degree of differentiation. Is it adequate to meet the needs of the future? Would total deregulation, relying even more on institutional autonomy and initiative, lead to greater efforts by institutions to define their own more highly differentiated roles?

#### *QUESTION 33.*

*In subsequent sections on funding arrangements and planning and co-ordinating structures, questions related to the above alternatives will recur. At this point, however, the Commission would also welcome comments and advice. For instance, are any of the suggested modes outside the realm of feasibility? Which is most desirable? Would a system of financial incentives enable institutions to respond effectively? or would other measures also be required, such, for example, as directives from some agency above the system?*

## FUNDING ARRANGEMENTS FOR DIFFERENTIATION AND ADAPTABILITY

To the degree that restructuring and greater differentiation will be necessary to satisfy the concerns we have been exploring, we must consider alternative funding arrangements and what impact these would have on the functions of the universities.

Furthermore, our terms of reference ask us:

- (i) to ensure “an adequate and measurable basis for public accountability while enabling the universities to remain autonomous in the governance of their affairs.”
- (ii) to investigate “the possible separation of research funding from instructional funding, so as to ensure a harmonious blending of provincial and national objectives in research carried out in universities.”
- (iii) to recommend “appropriate tuition fee policies that reflect on the one hand accessibility policies recommended by the Commission and on the other equitable levels of student contribution.”

### **6.1 Accountability and Autonomy**

When formula financing was introduced into the Ontario system, it was believed that it would serve accountability by tying funding to enrolment, and autonomy by providing block grants to universities who were given freedom to apply these funds according to institutional academic priorities. Formula funding in Ontario has undergone a number of changes but it remains an open formula with all public funds distributed according to a known process.

This situation is in contrast to other jurisdictions such as the United Kingdom where the block grant, although partially related to enrolment, also contains a discretionary component. Other jurisdictions employ more complex formula funding schemes, utilizing a number of formulae each related to a separate factor in addition to student enrolment.

*QUESTION 34.*

*As regards accountability, is it desirable to build in a greater range of criteria into public funding arrangements? Would such a development threaten an appropriate degree of institutional autonomy? Could a balance be maintained by maximizing institutional choice rather than resorting to regulation?*

### **6.2 Separation of Research and Instructional Funding**

When formula funding was introduced the higher weights assigned to doctoral programs were intended to provide funds not only for the instruction of graduate students but also to cover the overheads implicit in research programs. While initially the use of graduate enrolment as a proxy for the indirect costs of research worked quite well, a number of factors have combined to make the present arrangement unsatisfactory.

One obvious factor is the decline in real resources assigned to graduate support by the existing formula. This decline results from a combination of an overall reduction in per capita funding plus the heavy discounting (previously 2/3 now 3/4) of new graduate enrolment for funding purposes. A second factor is the increasing cost of research in the experimental sciences, which requires large capital and equipment investments and support services that are not directly related to numbers of graduate students. A third factor is that the direct costs of research (other than faculty salaries) are in most cases borne by agencies external to the Province and certainly external to the Ministry of Colleges and Universities.

The last factor is important since it has increasingly made it necessary for our research-intensive universities to cover the indirect costs of research activities from funds primarily designed for the support of instruction. Recent studies by the Canadian Association of University Business Officers (CAUBO) indicate that the ratio of indirect to direct costs of sponsored research in the Natural and Applied Sciences is approximately 50%, where indirect costs exclude the attribution of faculty salary costs in support of research and any capital costs. Of interest is the fact that the percentage for humanities, the social sciences, business and law is very similar.

The suggestion to separate research from instructional funding was developed at some length and with considerable force in the COPSEO report of 1972 and again by J.B. Macdonald (1973).<sup>21</sup> COPSEO pointed out some of the undesirable steering effects of the then existing financing formula, and the impediments it created in the way of desirable harmonization of provincial and national objectives in research.<sup>22</sup> It also made an important distinction between those kinds of research and scholarship which are essential to teaching and which in its opinion should continue to be funded as a charge on instructional costs and those heavily-capitalized activities which involve non-teaching functions.

*QUESTION 35.*

*What problems would be encountered in a further separation of research from instructional funding? What advantages and disadvantages would there be in so doing? What might be the potential impact upon institutions with respect to stability of funding and institutional coherence? Would such a move accentuate differentiation? and if so in appropriate directions? Would it facilitate greater alignment of orientations between provincial and national interests in research?*

### **6.3 Funding of Indirect Costs of Research**

In this area several possibilities might be developed.

#### *6.3.1 Full Coverage by Federal Agencies*

Under this option, full coverage of indirect costs by federal agencies might be offset by a corresponding reduction in EPF financing for post-secondary education from the federal government. Alternatively, full federal coverage of indirect research costs might be in addition to maintenance of the current level of EPF transfers and federal financing of national research granting councils, the justification being the national need for greatly increased research support.

#### *6.3.2 Full Coverage by Provincial Government*

Such action would require the provincial government to make block transfers to institutions, either with no reduction or with an offsetting reduction in the aggregate enrolment based funding. The amount of the transfer might be based (for example) on a moving five year average of indirect costs incurred by the institution.

#### *6.3.3 Alteration of Program Weights*

Under one form of such a proposal, Basic Income Units for Ph.D. programs might be reduced from a value of 6 to (say) 4. Another variant might involve a sliding scale of weights related to quality as identified by external appraisal. The savings thus created would support a special fund to be allocated to institutions on a competitive basis, with peer review of research quality and productivity.

#### *6.3.4 Current Method*

The system would continue to function as at present, i.e., with the heavy weighting of graduate enrolment as a proxy for support of the indirect costs of research.

#### *6.3.5 Private Sector Support*

Not so much an alternative to the above but as a companion to any of them would be the thrust towards better liaison with industry to encourage closer links with and hence greater research support from the private sector.

*QUESTION 36.*

*Which of the above would be most appropriate? What form might implementation take? Are there other proposals worth examining?*

### **6.4 Tuition Fees**

Two main policy alternatives with respect to fees are to retain government regulation or to allow institutional flexibility.

#### *6.4.1 Retention of Government Regulation*

Formula fees might be maintained at approximately the current level, in constant dollar terms. Alternatively, formula fees might be increased, for example from 15% to 20 or 25% of total cost. In such an instance there would have to be corresponding increases in the OSAP program to ensure that

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21. J.B. Macdonald, "Financing of Research in Universities." *Sioa*, Vol. III, 1973.

22. COPSEO, pp. 63-65 and 140-143.

financial barriers to accessibility are not raised. Variation of present fee differentials by program could also enter into consideration.

#### 6.4.2 Institutional Flexibility

Institutions might be given freedom to set their own tuition fees. Such greater institutional autonomy would have to be coupled with institutional responsibility to provide offsetting student aid in order to maintain accessibility.

##### QUESTION 37.

*What guiding principles should the Commission adopt in reviewing these matters? In respect of the percentage of total cost to be borne by tuition fees, what stance should the Commission take? What would be the impact of higher tuition fees upon accessibility objectives?*

##### QUESTION 38.

*Are current fee differentials between general and professional programs appropriate?*

##### QUESTION 39.

*What advantages and disadvantages might there be in allowing institutions much greater discretion in setting fee levels?*

### 6.5 Federal Support of Universities

With the impending review of the EPF arrangements between the federal and provincial governments, changes are likely. At this stage it is not yet clear what form these changes in federal support may take. However, we pose two questions.

##### QUESTION 40.

*What should be the relative roles of the two levels of government in “core funding” and in support and direction of research?*

##### QUESTION 41.

*In what ways could the co-ordination of federal and provincial governments in the definition of public objectives and in the support of universities be improved?*

### 6.6 The Role of the Private Sector

Over the last two decades, the rapid expansion of universities has produced a situation in which governments have come to play a predominant role in the financial support and hence shaping of universities. Given the importance to industry of the quality and kinds of graduates produced by the universities and of university research activity, closer liaison between industry and the universities and improved support from industry would be in the long-run interest of both, and needs to be strongly encouraged. Furthermore, it would diversify the sources upon which universities are financially dependent.

We are aware of initiatives by NSERC to improve interactions between universities and industry, and of new provincial plans (announced by the Provincial Treasurer in his Budget Speech of May 15, 1984) to encourage industries to provide funds for needed equipment in universities via a matching grants program. We also draw attention to the different forms of university-industry liaison which have developed in recent years and which have been analysed in *Partnership for Growth*, published by the Corporate-Higher Education Forum in May 1984.

In addition, other forms of private sector support such as donations or bequests from alumni, other individuals and foundations need to be substantially increased. In this area it is noteworthy that the level of individual donations to universities in Canada on a per capita basis is dramatically less than in the United States.

##### QUESTION 42.

*What further changes in public funding arrangements would encourage industry-university linkages and industry support of Ontario universities? What actions or arrangements on the part of the universities themselves would facilitate such linkages and support? To what extent would a further differentiation or specialization among universities contribute to this goal? What safeguards would be desirable to protect the integrity of the universities?*

##### QUESTION 43.

*What forms of governmental action through legislation or tax revisions would encourage greater personal or foundation support for universities? What actions should universities undertake to increase the level of such private sector support?*

## **6.7 Operating Funds: Methods of Allocation**

In exploring the range of relationships between the provincial funding authority and recipient, the Commission envisages a number of possibilities.

### *6.7.1 Funding on a Discretionary Basis*

There might be a structure under which public funds would be allocated to institutions on a discretionary or extra-formula basis by some external authority with executive powers, e.g., by the Ministry itself, by some such agency as a province-wide “Ontario Board of Regents”, or by an intermediary body such as the University Grants Committee in the United Kingdom. (See also Section 7.)

### *6.7.2 On a Negotiated Basis*

Funding might be determined on the basis of areas and levels of enrolment and activity as negotiated between institutions and the allocating body.

### *6.7.3 On an Open Formula Basis*

Funding might be determined strictly on the basis of an open formula. Such a system might rest solely on the basis of past and present enrolment, as is currently the case, or might include several formulae related to a number of factors in addition to enrolment.

### *6.7.4 On a Composite Basis*

There might be a composite funding scheme, with incentives and disincentives, leaving open to institutions decisions as to the extent of their participation. For example, there might be a system involving the following elements:

- a level of *base funding* for each university, related to its basic functions.
- a variable funding component related to *changes in enrolment*.
- *supplements* for several categories, such as research, needs relating to regional accessibility, bilingual education and distance education for remote areas.
- a *matching grant* fund to encourage support from the private sector, and to reinforce where appropriate research grants from such bodies as the national granting councils.

### *6.7.5 On a Deregulated Basis*

Full deregulation of operating funding is another possibility. Institutional autonomy would be maximized, leaving universities free to compete in relation to programs offered, fees charged, admission standards set, and research undertaken. Public funding, in support of instruction, would enter the picture via vouchers (federal or provincial or both) to students who would use them to pay fees set by the universities. Research undertaken would be charged on a full cost basis.

*QUESTION 44.*

*What type of funding scheme (or combination of schemes) would be preferable?*

*QUESTION 45.*

*How satisfactory is the new funding formula introduced on an interim basis to take effect in the 1984-85 fiscal year?*

## **6.8 Capital Funding**

### *6.8.1 Adequacy of Capital Support*

The issue of capital support for the universities is a most important matter. The Commission is concerned about the adequacy of support in view of the bearing it has on the ability of the universities to discharge their objectives.

*QUESTION 46.*

*To what extent are operations currently being impaired in respect of quality, adaptability and balance by the present state of the physical plant and the levels of funding available for its maintenance and alteration, and for teaching and research equipment?*

*QUESTION 47.*

*Given a fixed amount of public funding, what should be the balance between operating and capital funds?*

#### **6.8.2 Methods of Allocation**

With respect to methods of allocation of public funds for capital there appear to be two principal options: *ad hoc* allocations to individual institutions by the Ministry, or implementation of a capital formula based on objective assessment of needs and age of buildings at each institution. As before, incentives which could attract private support would need to accompany either form of public funding.

*QUESTION 48.*

*What method of allocation of public funds for capital purposes is best suited to our current and expected circumstances? What incentives might be devised to secure greater private sector support in this area?*

#### **6.9 Entrepreneurial Activities**

The degree to which entrepreneurial activity might be used to augment university income was discussed in the Brief of Ontario University Presidents to the Premier, *The Situation of the Ontario Universities*, November 5, 1980, pp. 1-13.

*QUESTION 49.*

*What forms of entrepreneurial activity might universities be encouraged to undertake in order to supplement their revenues? To what extent can universities engage in entrepreneurial activities without distorting their missions of education, research and service?*

### 7.1 Salient Issues

The Commission's fourth main term of reference requires it "to consider the need for mechanisms for regulation, co-ordination and the provision of advice to the Government, and in particular to clarify the role of the Ontario Council on University Affairs in the context of a new and differentiated university structure." As is also the case with funding arrangements, the Commission wishes to discuss measures which will enhance quality, promote flexibility over the longer range, achieve the best program balance possible, and take due account of the important correlative issues of accountability and institutional autonomy.

### 7.2 Basic Alternatives

Possible alternatives appear to lie somewhere in the following range:

- 1) Direct management by the Ministry of Colleges and Universities.
- 2) A province-wide "University of Ontario", with a governing "Board of Regents" and Senate empowered to effect desired differentiation of institutional function and scope for each campus.
- 3) An intermediary body modelled after the University Grants Committee in the United Kingdom. Such a body would have *de facto* and possibly *de jure* powers to set enrolment targets, dictate differentiation, and allocate funding.
- 4) At the next level one might envisage an intermediary body, something like a reconstituted and strengthened OCUA, shaping the system primarily by financial incentives and disincentives. It would retain the present advisory role of OCUA but have an enlarged monitoring function and might also be given some specified regulatory powers to serve in effect as a referee among institutions.
- 5) Continued operation of a purely advisory OCUA, which makes recommendations to the Ministry of Colleges and Universities concerning the appropriate level of aggregate funding, the application of the formula for funding allocations among institutions, and the approval of programs for funding eligibility.
- 6) Co-ordination by a voluntary collective body such as COU, acting under the sanction of direct government intervention if it failed to discharge its assigned tasks. Such a model has recently operated with some success in the restructuring of the Netherlands university system. Would COU be able to meet a similar challenge to exercise collective autonomy?
- 7) A relatively uncoordinated system, with a high degree of institutional autonomy. On a one-time interventionist basis, there might be resort to legislation amending university charters in the direction of a more highly differentiated structure, followed by return to the present situation of extensive institutional autonomy.
- 8) Finally, one can think of a complete "laissez faire" approach, or "total deregulation", under which institutions would compete in the marketplace for students armed with "vouchers". The institutions would charge the full costs of instruction and of direct and indirect costs of research. Government funding in support of instruction would be indirect through providing sufficient student support where needed.

#### QUESTION 50.

*In the light of the Commission's terms of reference, which of the above alternatives (or variants thereon) is most feasible and best fitted to meet the future planning and co-ordinating requirements of the university system in Ontario?*

## CONCLUSION: A CANADIAN PERSPECTIVE

We, as a Commission, believe firmly that in reviewing the future development of the universities of Ontario, we must do so not only from the perspective of this province, but in terms of what our universities can do to promote the general development and welfare of Canada as a whole. Universities, by the very nature of their functions in generating, preserving and transmitting knowledge, have a wider than provincial significance, a significance which is also national and indeed international. While education in Canada formally comes under the constitutional jurisdiction of the provincial governments, the role of universities in research, in contributing to social and economic development, in educating highly qualified manpower, and in facilitating equality of opportunity, makes them a national concern. Their full future development, therefore, requires effective co-operation between the provincial and federal governments concerning the public definition of objectives and financial support. It is our intention to keep to the forefront in our deliberations the contribution which the universities of Ontario can make to the wider good of Canada, and we would ask respondents commenting on our discussion paper to give particular attention to this perspective.



## **APPENDIX**

## APPENDIX

The Commission was formally established by the Lieutenant Governor in Council on January 20, 1984. The three Commissioners are Mr. Edmund C. Bovey, Dr. J. Fraser Mustard, and Dr. Ronald L. Watts. Mr. Bovey was designated as Chairman. Dr. W. M. Sibley has been appointed as Executive Director of the Commission and Mr. D. M. Jamieson is serving as Research Director.

The Commission's terms of reference are as follows:

...To present to the Government a plan of action to better enable the universities of Ontario to adjust to changing social and economic conditions. The Commission should proceed on the basis that annual increases to the real public resources provided to the universities will reflect the desire to protect the integrity of the universities, to strengthen their ability to contribute to the intellectual, economic, social and cultural foundations of society, as well as to reflect the Government's policy of fiscal restraint and prudent management of public funds.

Without restricting the scope of the activities of the Commission, its review should include the following:

1. To develop an operational plan which, without reducing the number of universities in Ontario provides for more clearly defined, different and distinctive roles for the universities of Ontario in order to maintain and enhance the quality of university education by ensuring the appropriate concentration of academic strengths in areas of intellectual and social importance, including:
  - consideration of the designation of specific universities as centres of specialization with a view to preserving and developing further a calibre of teaching and research of national and international excellence;
  - consideration of the technological advances in the delivery of university education to geographically remote areas as well as the cost effectiveness that such technology may bring.
2. To address the issue of accessibility to university level education in the context of economic realities and in the context of a differentiated university structure including:
  - consideration of the importance of new patterns of credit study which embrace the concept of life long learning, including part-time and recurrent education;
  - consideration of the need for, and form of, general and specific entrance examinations to the Ontario University system;
  - consideration of the need for a process whereby adjustments can be regularly made to the resources allocated to professional programs such as education, law, medicine, dentistry, etc., and to the level of enrolment in these programs to respond to changing labour market requirements.
3. To address the method of distribution of university operating grants with a view to ensuring an adequate and measurable basis for public accountability while enabling the universities to remain autonomous in the governance of their affairs and ensuring that their responsibilities as institutions of higher education are discharged with integrity. The method of distribution should be sufficiently flexible to permit adjustments from time to time in response to the ongoing evolution of the new university structure and include consideration of:
  - appropriate ways to encourage faculty renewal and replacement;
  - funds necessary to facilitate faculty renewal and adjustments arising from the Commission's recommendations;
  - the appropriateness of program weights as one of the determining factors for funding distribution requirements;
  - the possible separation of research funding from instructional funding to ensure a harmonious blending of provincial and national objectives in research carried out in universities;
  - the distribution of provincial capital support and the role of private sector support in the maintenance and enhancement of the physical structures of the system;
  - appropriate tuition fee policies that reflect on the one hand accessibility policies recommended by the Commission and on the other equitable levels of student contribution with respect to the overall cost of the university system.
4. To consider the need for mechanisms for regulation, coordination and the provision of advice to the Government, and in particular to clarify the role of the Ontario Council on University Affairs in the context of a new and differentiated university structure.
5. To report its plan of action to the Minister of Colleges and Universities by November 15, 1984.

## **ADDENDUM**

On April 19, 1984, the Minister wrote to the Chairman of the Commission on the matter of the proposed new “University of Northeastern Ontario.”

The Minister noted that “the government remains committed to the restructuring of the university system in Northeastern Ontario.” She added:

“I believe, however, that, given the broad mandate of the Commission on the Future Development of the Universities of Ontario, it would be precipitous of the government to initiate any significant restructuring of Ontario’s university system while the Commission’s deliberations are in progress. Accordingly, I would request that the Commission consider the matter of this reorganization in the context of its overall mandate to present to the government a plan of action to better enable the universities of Ontario to adjust to changing social and economic conditions.”

The Commission’s terms of reference have consequently been extended to include the Minister’s referral of this question.

The Commission will consider the matter in the context of its general terms of reference.





